A study on financial performance of selected private sector banks in India by using of camel approach

A.D. Mahida¹*, Dr. S.K. Bhatt²

ABSTRACT

In Indian developing economy banks play vital role for flowing money in whole Indian market and past decade economic change promote private banking effectiveness and efficiency in banking sector. So, this study is done on compare financial performance of selected 5 private sector banks nine-year data during period of 2011 to 2019. Collected all ratio base data on CAMEL Approach. Examine by mean, standard deviation, ANOVA tools. Finally concluded that HDFC BANK have better financial performance among all private banks, AXIS Bank have lower performance based on CAMEL approach. Other Banks need to take step to improve efficiency and effectiveness of bank.

Keywords: Financial performance, Capital Adequacy, Asset Quality, Management Efficiency, earning capacity, Liquidity

In the Indian developing economy, the banks act like the heart of the human body, as the blood required in the human body flows through the heart, the flow of money in the Indian developing economy through the banks. Over the past six decades, the Indian banking sector has undergone many major changes which has led to a significant increase in the efficiency of the Indian banking sector and there had increased privatization in the banking sector. So many private sector banks are doing well performance in Indian banking sector. Mostly private sector banks are functioning better than public sector banks and increase profitability. So, it need that study on private sector banks performance.

REVIEW OF LITERATURE

Ratan Sinha (2016) had evaluated the financial performance of six public and private sector banks by used CAMEL Approach. In this study statistical tool use for analysis and interpretation is mean, standard deviation and ANOVA. The study concluded that significance difference of CAMEL ratio between both group of banks. So overall performance of both private sector private sector and public sector bank was difference.
A study on financial performance of selected private sector banks in India by using of camel approach

Jagjeet Kaur and Dr. Harsh Vineet Kaur (2016) undertook study on “Camel analysis of selected public sector banks” with objective is evaluate financial performance of banks. In this study use 10-year data (2005-2015) of top ten public sector banks. The study revealed that Bank of Baroda and Panjub National Bank have good performance in compare to other banks.

Dr. K.R. Sivabagyam, Harshitha.B, Gowthami. D, Jayakrithika.R, Nivethitha. G (2019) had evaluated financial performance of top 10 Iron and Steel company in India during the period of 2015 to 2019. In this study use statistical tools for analysis and interpretation is mean, standard deviation, Coefficient of variation and ANOVA. The study concluded that Tata steels, Essar steels, Narayani steels, Sunflag steels, performed better than other company and suggest bad performing other steel companies have to take initiate steps for improvement of performance.

G.L.Meena (2016) had analysed 20 public and private sector banks using CAMEL Approach. In this study give ranks to all the banks in terms of Capital Adequacy, Asset Quality, Management Efficiency, earning capacity, Liquidity. This study concluded that Profit per employee was found to be highly correlated with the ROA of the banks and causes a variance of 39.30% in the return on assets of the banks. HDFC And ICICI bank give higher safety to investor and Central bank of India have good ability to recover their advance. In term of liquidity position Bank of Baroda is highest.

CAMEL MODEL
CAMELS Model is mostly used to evaluate the financial performances of the financial institutes. by using various ratio of CAMEL Model. The CAMEL Model stands for various criteria of ratio analysis through which bank financial health is measured in present study

- C stands for the Capital
  - (a) Capital Adequacy Ratio

- A stands for the Assets Quality of Banks
  - (a) Net Non-Performing Assets
  - (b) Return on Assets

- M stands for the Management Capability of the Bank
  - (a) Credit Deposit Ratio
  - (b) Return on Net Worth
  - (c) Business Per Employee

- E stands for the Earning
  - (a) Operating Profit Ratio
  - (b) Net Profit Ratio

- L stands for the Liquidity
  - (a) Cash Deposit Ratio
  - (b) Liquidity Ratio

Research gap
Now a most of banking financial performance study on the public and private comparative study but no one study has done on inter private sector banks study so that this study has done on the financial performance of selected private sector banks by use of CAMEL Model.
A study on financial performance of selected private sector banks in India by using of camel approach

RESEARCH METHODOLOGY

Objective

- To evaluate the financial performance of the selected private sector banks by means of CAMEL Approach model. For fulfill this objective the following hypothesis were made.
- All private banks under study have on a same average performance as a measure by CAMEL Approach model

Sampling

This research is based on secondary data collected from RBI and Money control website, For the study get Nine-year data from 2011 to 2019 of selected top 5 private sector banks out of 20 private banks based on market capitalization BSE (Available on www.moneycontrol.com).

Name of 5 selected banks for study

1. HDFC BANK
2. KOTAK MAHINDRA BANK
3. ICICI BANK
4. AXIS BANK
5. INDUSLND BANK

Statistical tools

1. Arithmetic mean
2. Standard Deviation
3. ANOVA

Financial tools

1. Capital Adequacy Ratio
2. Net Non-Performing Assets
3. Return on Assets
4. Credit Deposit Ratio
5. Return on Net Worth
6. Business Per Employee
7. Operating Profit Ratio
8. Net Profit Ratio
9. Cash Deposit Ratio
10. Liquidity Ratio

Analysis and interpretation

1 CAPITAL

The bank needs to maintain the trust of depositors in the bank to prevent bankruptcy. Therefore, the bank needs to maintain the financial stability required for investor confidence. It emulates the complete financial position of banks and management capacity to meet the need for additional capital.
A study on financial performance of selected private sector banks in India by using of camel approach

1.1 CAPITAL ADEQUACY RATIO (CAR)
The capital adequacy ratio used by bank to determine the adequacy of their capital keeping in view their exposures. Capital adequacy ratios measure of the amount of a bank’s core capital expressed as a percentage of its risk-weighted asset.

Capital Adequacy Ratio = (Tier 1 Capital + tier 2 Capital) / Risk Weighted Assets

Table 1.1 Capital Adequacy Ratio

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>16.22</td>
<td>19.92</td>
<td>19.54</td>
<td>12.65</td>
<td>15.89</td>
</tr>
<tr>
<td>2012</td>
<td>16.52</td>
<td>17.52</td>
<td>18.52</td>
<td>13.66</td>
<td>13.85</td>
</tr>
<tr>
<td>2013</td>
<td>16.8</td>
<td>16.05</td>
<td>18.74</td>
<td>17</td>
<td>15.36</td>
</tr>
<tr>
<td>2014</td>
<td>16.07</td>
<td>18.83</td>
<td>17.7</td>
<td>16.07</td>
<td>13.83</td>
</tr>
<tr>
<td>2015</td>
<td>16.79</td>
<td>17.17</td>
<td>17.02</td>
<td>15.09</td>
<td>12.09</td>
</tr>
<tr>
<td>2016</td>
<td>15.53</td>
<td>16.34</td>
<td>16.64</td>
<td>15.29</td>
<td>15.5</td>
</tr>
<tr>
<td>2017</td>
<td>14.55</td>
<td>16.77</td>
<td>17.39</td>
<td>14.95</td>
<td>15.31</td>
</tr>
<tr>
<td>2018</td>
<td>14.82</td>
<td>18.22</td>
<td>18.42</td>
<td>16.57</td>
<td>15.03</td>
</tr>
<tr>
<td>2019</td>
<td>17.11</td>
<td>17.45</td>
<td>16.89</td>
<td>15.84</td>
<td>14.16</td>
</tr>
<tr>
<td>MEAN</td>
<td>16.05</td>
<td>17.59</td>
<td>17.87</td>
<td>15.24</td>
<td>14.56</td>
</tr>
<tr>
<td>SD</td>
<td>0.90</td>
<td>1.23</td>
<td>0.98</td>
<td>1.38</td>
<td>1.19</td>
</tr>
</tbody>
</table>

To draw conclusions from Table No. 1.1, it is understood that there is a minimum difference of 12.09 for INDUSLND Bank and 19.92 for The Kotak Mahindra Bank during 2015 for selected private sector banks. Average minimum ratio for INDUSLND Bank is 14.56 and maximum ratio of 17.87 for ICICI Bank. The minimum ratio indicates that INDUSLND Bank is not sufficient capitalization compared to other banks. The maximum ratio indicates that ICICI Bank has enough capital compared to other banks. Thus, ICICI Bank is able to cover the real issues of loss which will happen in banking. Axis Bank has the highest level of standard deviation and HDFC Bank has the lowest level of standard deviation.
A study on financial performance of selected private sector banks in India by using of camel approach

| Table 1.2  Anova For Capital Adequacy Ratio |
|-----------------|------|-------|------|------|------|
| Source of Variation | SS   | df   | MS   | F    | F crit |
| Between Groups    | 75.18| 4.00 | 18.79| 14.18| 2.61  |
| Within Groups     | 53.02| 40.00| 1.33 |      |       |
| Total             | 128.19| 44.00|      |      |       |

H0: All private banks under study have on a same average of capital adequacy ratio
From the above TABLE 1.2  ANOVA FOR CAPITAL ADEQUACY RATIO, show that since the calculated F value (14.18) more than F critical value (2.61) at the level of significance 0.05, accept the alternate hypothesis. i.e., All private banks under study have on a difference average of capital adequacy ratio

2. ASSET QUALITY
The quality of property is an important factor in measuring the strength of the bank. The main objective of measuring the quality of assets is to determine the share of non-performing assets as a percentage of total assets.

2.1 NET NON-PERFORMING ASSETS
Non-performing assets are assets that confiscate the income generated by banks. Net-NPA is total bad assets (real) which is less than the provision left aside. Net NPA = Gross NPA - Total provision held

TABLE 2.1 - NET NPA TO TOTAL ASSETS

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.11</td>
<td>0.42</td>
<td>0.59</td>
<td>0.49</td>
<td>0.16</td>
</tr>
<tr>
<td>2012</td>
<td>0.10</td>
<td>0.36</td>
<td>0.39</td>
<td>0.42</td>
<td>0.16</td>
</tr>
<tr>
<td>2013</td>
<td>0.12</td>
<td>0.37</td>
<td>0.42</td>
<td>0.21</td>
<td>0.19</td>
</tr>
<tr>
<td>2014</td>
<td>0.17</td>
<td>0.65</td>
<td>0.55</td>
<td>0.27</td>
<td>0.21</td>
</tr>
<tr>
<td>2015</td>
<td>0.15</td>
<td>0.57</td>
<td>0.97</td>
<td>0.29</td>
<td>0.19</td>
</tr>
<tr>
<td>2016</td>
<td>0.19</td>
<td>0.66</td>
<td>1.80</td>
<td>0.48</td>
<td>0.23</td>
</tr>
<tr>
<td>2017</td>
<td>0.21</td>
<td>0.80</td>
<td>3.27</td>
<td>1.43</td>
<td>0.25</td>
</tr>
<tr>
<td>2018</td>
<td>0.24</td>
<td>0.63</td>
<td>3.16</td>
<td>2.40</td>
<td>0.34</td>
</tr>
<tr>
<td>2019</td>
<td>0.26</td>
<td>0.49</td>
<td>1.39</td>
<td>2.29</td>
<td>0.81</td>
</tr>
<tr>
<td>MEAN</td>
<td>0.17</td>
<td>0.55</td>
<td>1.39</td>
<td>0.92</td>
<td>0.28</td>
</tr>
<tr>
<td>SD</td>
<td>0.06</td>
<td>0.15</td>
<td>1.13</td>
<td>0.89</td>
<td>0.20</td>
</tr>
</tbody>
</table>

From the above table no. 21, it is assumed that net NPAs for HDFC Bank during 2012 are at least 0.10 for selected private sector banks and maximum of 3.27 for ICICI Bank during 2017. Chart no. 2 indicates low average ratio of net NPA from NPA to HDFC Bank and maximum average ratio for ICICI Bank. ICICI Bank has the highest standard deviation level and the standard deviation level at HDFC Bank is the lowest.

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A study on financial performance of selected private sector banks in India by using of camel approach

### Table 2.2 - Anova For Net Npa To Total Assets

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>8.99</td>
<td>4.00</td>
<td>2.25</td>
<td>5.24</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>17.15</td>
<td>40.00</td>
<td>0.43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.14</td>
<td>44.00</td>
<td>0.43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H02: All private banks under study have on a same average of net non-performing assets ratio. From the ANOVA FOR NET NPA TO TOTAL ASSETS table 2.1 it is inferred that since the calculated F value (5.24) more than F critical value (2.61) at the level of significance 0.05, accept the alternate hypothesis. i.e., All private banks under study have a difference average of net non-performing assets ratio.

### 2.2 RETURN ON ASSETS (ROA)

It does explain the bank’s ability to generate profit from assets.

RETURN ON ASSETS = NET INCOME / AVERAGE TOTAL ASSETS

### Table 3.1 - Return on Assets (%)

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.41</td>
<td>1.6</td>
<td>1.26</td>
<td>1.39</td>
<td>1.26</td>
</tr>
<tr>
<td>2012</td>
<td>1.52</td>
<td>1.65</td>
<td>1.36</td>
<td>1.48</td>
<td>1.39</td>
</tr>
<tr>
<td>2013</td>
<td>1.68</td>
<td>1.62</td>
<td>1.55</td>
<td>1.52</td>
<td>1.44</td>
</tr>
<tr>
<td>2014</td>
<td>1.72</td>
<td>1.71</td>
<td>1.64</td>
<td>1.62</td>
<td>1.61</td>
</tr>
<tr>
<td>2015</td>
<td>1.73</td>
<td>1.76</td>
<td>1.72</td>
<td>1.59</td>
<td>1.64</td>
</tr>
<tr>
<td>2016</td>
<td>1.73</td>
<td>1.08</td>
<td>1.34</td>
<td>1.56</td>
<td>1.63</td>
</tr>
<tr>
<td>2017</td>
<td>1.68</td>
<td>1.58</td>
<td>1.26</td>
<td>0.61</td>
<td>1.6</td>
</tr>
<tr>
<td>2018</td>
<td>1.64</td>
<td>1.54</td>
<td>0.77</td>
<td>0.03</td>
<td>1.62</td>
</tr>
<tr>
<td>2019</td>
<td>1.69</td>
<td>1.55</td>
<td>0.34</td>
<td>0.58</td>
<td>1.18</td>
</tr>
<tr>
<td>MEAN</td>
<td>1.64</td>
<td>1.57</td>
<td>1.25</td>
<td>1.15</td>
<td>1.49</td>
</tr>
<tr>
<td>SD</td>
<td>0.11</td>
<td>0.20</td>
<td>0.44</td>
<td>0.59</td>
<td>0.18</td>
</tr>
</tbody>
</table>
From table no. 1.3, it is assumed that selected private sector banks fluctuate at least 0.03 AXIS banks in 2018 and maximum 1.76 Kotak Mahindra Bank during 2015. The minimum average ratio of 1.15 Axis Bank and maximum 1.64, minimum ratio indicates that The AXIS Bank has the least returns on assets compared to other banks. The maximum ratio displays that HDFC Bank has a profitable asset value related to other banks. AXIS Bank has the maximum level of standard deviation and HDFC Bank is the lowest.

**TABLE 3.2 - ANOVA for Return on Assets**

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>1.59</td>
<td>4.00</td>
<td>0.40</td>
<td>3.21</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>4.95</td>
<td>40.00</td>
<td>0.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.53</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H03: All private banks under study have on a same average of return on assets ratio. From the ANOVA table 3.2, it is inferred that since the calculated F value (3.21) more than F critical value (2.61) at the level of significance 0.05, accept the alternate hypothesis. i.e., All private banks under study have a difference average of return on assets ratio.

### 3. MANAGEMENT EFFICIENCY

This segment includes self-specific analysis to measure the efficiency and effectiveness of management in ratio.

#### 3.1 CREDIT DEPOSIT RATIO

The CDR ratio is used to calculate a ratio to cover the credit bank's ability to cover withdrawals that its customers derive. The bank must make the deposit on request, so if the ratio is high, there is a high risk to the bank. CREDIT DEPOSIT RATIO= LOANS / DEPOSIT

**TABLE 4.1 - Credit Deposit Ratio**

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>76.02</td>
<td>94.27</td>
<td>90.45</td>
<td>74.65</td>
<td>76.49</td>
</tr>
<tr>
<td>2012</td>
<td>78.06</td>
<td>100.9</td>
<td>97.71</td>
<td>76.26</td>
<td>79.8</td>
</tr>
<tr>
<td>2013</td>
<td>80.14</td>
<td>97.75</td>
<td>99.25</td>
<td>77.58</td>
<td>82.28</td>
</tr>
<tr>
<td>2014</td>
<td>81.79</td>
<td>92.18</td>
<td>100.71</td>
<td>80.03</td>
<td>86.74</td>
</tr>
<tr>
<td>2015</td>
<td>81.71</td>
<td>88.99</td>
<td>104.72</td>
<td>84.71</td>
<td>92.02</td>
</tr>
<tr>
<td>2016</td>
<td>83.24</td>
<td>86.57</td>
<td>105.08</td>
<td>91.1</td>
<td>94.06</td>
</tr>
<tr>
<td>2017</td>
<td>85.64</td>
<td>86.04</td>
<td>98.69</td>
<td>92.17</td>
<td>91.77</td>
</tr>
<tr>
<td>2018</td>
<td>84.68</td>
<td>87.35</td>
<td>92.92</td>
<td>93.63</td>
<td>92.75</td>
</tr>
<tr>
<td>2019</td>
<td>86.32</td>
<td>89.7</td>
<td>90.54</td>
<td>93.25</td>
<td>95.62</td>
</tr>
<tr>
<td>MEAN</td>
<td>81.96</td>
<td>91.53</td>
<td>97.79</td>
<td>84.82</td>
<td>87.95</td>
</tr>
<tr>
<td>SD</td>
<td>3.45</td>
<td>5.20</td>
<td>5.51</td>
<td>7.86</td>
<td>6.91</td>
</tr>
</tbody>
</table>
A study on financial performance of selected private sector banks in India by using of camel approach

Table 4.1 The loan rate is expected to be at least 74.65 in 2011 and 105.08 for ICICI Bank in 2015. Average rate of 81.96 for HDFC Bank and up to 97.79 ICICI Bank. The minimum ratio of HDFC Bank indicates that the risk of HDFC Bank is lower than that of CDR. The maximum rate of ICICI Bank shows that there is a greater reliance on credit deposits. This disturbs the liquidity of banks compared to other banks. Axis Bank has the highest standard deviation level and HDFC Bank has the lowest standard deviation level.

![Graph of Credit Deposit Ratio](image.png)

**TABLE 4.2 - ANOVA for Credit Deposit Ratio**

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>1364.34</td>
<td>4.00</td>
<td>341.09</td>
<td>9.54</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1430.66</td>
<td>40.00</td>
<td>35.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2795.00</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H04: All private banks under study have on a same average of credit deposit ratio.

It found that from the table 4.2, the calculated value (4.11660766) is greater than Critical value (2.660814), the Null hypothesis (H0) is rejected and hence, it can be concluded that All private banks under study have a significant difference on CDR.

3.2 RETURN ON NET WORTH (RONW)

RONW is used to measure the profitability of the bank; The amount of money that the banks generate from the investment of equity shareholders.

**RETURN ON NET WORTH = NET INCOME / SHAREHOLDERS EQUITY**
A study on financial performance of selected private sector banks in India by using of camel approach

Table 5.1 - Return on Equity / Net worth (%)

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15.47</td>
<td>11.97</td>
<td>9.35</td>
<td>17.83</td>
<td>15.09</td>
</tr>
<tr>
<td>2012</td>
<td>17.26</td>
<td>13.59</td>
<td>10.7</td>
<td>18.59</td>
<td>17.74</td>
</tr>
<tr>
<td>2013</td>
<td>18.57</td>
<td>14.37</td>
<td>12.48</td>
<td>15.64</td>
<td>14.3</td>
</tr>
<tr>
<td>2014</td>
<td>19.5</td>
<td>12.23</td>
<td>13.39</td>
<td>16.26</td>
<td>16.28</td>
</tr>
<tr>
<td>2016</td>
<td>16.91</td>
<td>8.72</td>
<td>11.19</td>
<td>15.46</td>
<td>13.2</td>
</tr>
<tr>
<td>2018</td>
<td>16.45</td>
<td>10.89</td>
<td>6.63</td>
<td>0.43</td>
<td>15.35</td>
</tr>
<tr>
<td>2019</td>
<td>14.12</td>
<td>11.47</td>
<td>3.19</td>
<td>7.01</td>
<td>12.52</td>
</tr>
<tr>
<td>MEAN</td>
<td>16.78</td>
<td>12.09</td>
<td>10.10</td>
<td>12.70</td>
<td>15.12</td>
</tr>
<tr>
<td>SD</td>
<td>1.59</td>
<td>1.66</td>
<td>3.41</td>
<td>6.37</td>
<td>1.80</td>
</tr>
</tbody>
</table>

Table 5.1 above means that the price of selected private sector banks is at least 0.43 for Axis Bank in 2018 and a maximum of 19.50 for HDFC Bank in 2014. The minimum average ratio for ICICI Bank is 10.10 and the maximum average ratio for HDFC Bank is 16.78. The minimum ratio of ICICI banks indicates that banks have less capacity to profit from the assets of shareholders than other banks. The maximum ratio of HDFC Bank indicates that banks have greater capacity to profit from the assets of shareholders than other banks. Chart no. 5 shows that HDFC Bank is the highest net return in all banks, while ICICI Bank has the lowest return on net worth. The Axis Bank has the highest standard deviation level and the HDFC bank has the lowest S. deviation level.

Table 5.2 - ANOVA for Return on Equity / Networth (%)

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>247.19</td>
<td>4.00</td>
<td>61.80</td>
<td>5.10</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>485.11</td>
<td>40.00</td>
<td>12.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>732.30</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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A study on financial performance of selected private sector banks in India by using of camel approach

H0s: All private banks under study have on a same average of return on net worth

From the ANOVA table 5.2, it is inferred that since the calculated F value (5.10) more than F critical value (2.61) at the level of significance 0.05, accept the alternate hypothesis. i.e., All private banks under study have a difference average of return on net worth.

3.3 BUSINESS PER EMPLOYEE (BPE)

By this ratio banks measure the ability of management to effectively use their employee resources to generate profits. The total revenue of the bank is divided by the number of bank personnel. BUSINESS PER EMPLOYEE = REVENUE / NUMBER OF EMPLOYEES

Table 6.1 - Business/ Employee (Rs.)

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6,61,08,672.48</td>
<td>5,32,63,886.64</td>
<td>7,75,80,440.08</td>
<td>12,54,57,018.95</td>
<td>8,63,74,169.95</td>
</tr>
<tr>
<td>2012</td>
<td>6,69,11,809.90</td>
<td>6,46,79,794.00</td>
<td>8,73,82,046.47</td>
<td>12,28,38,188.26</td>
<td>8,26,31,271.08</td>
</tr>
<tr>
<td>2013</td>
<td>7,76,03,363.18</td>
<td>7,37,02,036.37</td>
<td>9,39,11,715.27</td>
<td>11,86,19,441.57</td>
<td>8,55,82,789.95</td>
</tr>
<tr>
<td>2014</td>
<td>9,83,40,460.49</td>
<td>7,00,62,476.19</td>
<td>9,28,49,708.72</td>
<td>12,04,64,715.54</td>
<td>7,41,52,739.70</td>
</tr>
<tr>
<td>2015</td>
<td>10,70,03,994.66</td>
<td>7,83,45,011.89</td>
<td>11,29,38,140.26</td>
<td>14,29,13,797.44</td>
<td>7,46,46,385.23</td>
</tr>
<tr>
<td>2016</td>
<td>11,54,72,348.91</td>
<td>8,19,19,235.15</td>
<td>11,86,96,176.03</td>
<td>13,89,73,029.46</td>
<td>7,86,72,891.59</td>
</tr>
<tr>
<td>2017</td>
<td>14,20,94,024.12</td>
<td>6,67,06,361.07</td>
<td>11,51,93,098.71</td>
<td>13,90,83,338.45</td>
<td>9,46,72,011.69</td>
</tr>
<tr>
<td>2018</td>
<td>16,39,72,185.69</td>
<td>7,24,72,239.16</td>
<td>12,97,53,214.80</td>
<td>14,98,42,826.65</td>
<td>11,73,04,553.04</td>
</tr>
<tr>
<td>2019</td>
<td>17,76,99,813.90</td>
<td>10,33,63,871.51</td>
<td>14,28,68,072.08</td>
<td>16,84,32,242.98</td>
<td>13,74,45,981.58</td>
</tr>
<tr>
<td>MEAN</td>
<td>11,28,00,741.48</td>
<td>7,38,34,990.22</td>
<td>10,79,08,068.05</td>
<td>13,62,91,622.14</td>
<td>9,23,98,088.20</td>
</tr>
<tr>
<td>SD</td>
<td>41023074.28</td>
<td>13836374.37</td>
<td>21383122.86</td>
<td>16342704.53</td>
<td>21406186.01</td>
</tr>
</tbody>
</table>

Table No. 6.1 above assumes that the minimum range for selected private sector banks is 53263886.64 for Kotak Mahindra Bank during 2011 and maximum of 177699813.9 for HDFC Bank during 2019. Minimum average ratio for Kotak Mahindra Bank is 7,38,34,990.22 and maximum ratio of 13,62,91,622.14 for Axis Bank. Table 6.1 and Chart 6 - Axis Bank has a high ratio, which shows that Axis Bank has more efficiency of employees in all banks, while Kotak Mahindra Bank has the lowest performance per employee. HDFC Bank has the highest standard deviation level and Kotak Mahindra Bank has the lowest level of standard deviation.
A study on financial performance of selected private sector banks in India by using of camel approach

Table 6.2 - ANOVA for Business per Employee

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>2E+16</td>
<td>4E+00</td>
<td>5E+15</td>
<td>8E+00</td>
<td>3E+00</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2E+16</td>
<td>4E+01</td>
<td>6E+14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4E+16</td>
<td>4E+01</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H₀: All private banks under study have on a same average of business per employees
In the table no. 6.2 shown that as the calculated value is greater than critical value at the 5 % level of significance, Null hypothesis (H₀) is rejected, and it can be concluded that there is a significant difference on the BPE among the bank group.

4. EARNING
It basically determines the profitability of the bank and explains the sustainability and growth of the future.

4.1 OPERATING PROFIT MARGIN (OPM)
This shows how much cash is thrown after most of the expenses are completed. High operating profit margin means that the bank has good cost control.

OPERATING PROFIT MARGIN = OPERATING EARNINGS/ REVENUE

Table 7.1 - Operating Profit Margin (%)

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-2.05</td>
<td>0.89</td>
<td>-5.76</td>
<td>-8.2</td>
<td>-3.79</td>
</tr>
<tr>
<td>2012</td>
<td>-0.28</td>
<td>1.74</td>
<td>-3.09</td>
<td>-5.35</td>
<td>-3.9</td>
</tr>
<tr>
<td>2013</td>
<td>-0.36</td>
<td>2.48</td>
<td>-0.05</td>
<td>-5.04</td>
<td>-4.32</td>
</tr>
</tbody>
</table>
A study on financial performance of selected private sector banks in India by using of camel approach

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.35</td>
<td>1.17</td>
<td>-1.39</td>
<td>-3.87</td>
<td>-5.84</td>
</tr>
<tr>
<td>2015</td>
<td>2.51</td>
<td>-1.67</td>
<td>-2.03</td>
<td>-2.83</td>
<td>-6.29</td>
</tr>
<tr>
<td>2016</td>
<td>2.56</td>
<td>-3.18</td>
<td>-10.61</td>
<td>-2.8</td>
<td>-8.72</td>
</tr>
<tr>
<td>2017</td>
<td>3.25</td>
<td>-0.37</td>
<td>-17.91</td>
<td>-17.98</td>
<td>-9.04</td>
</tr>
<tr>
<td>2018</td>
<td>2.82</td>
<td>0.16</td>
<td>-19.36</td>
<td>-23.35</td>
<td>-6.62</td>
</tr>
<tr>
<td>2019</td>
<td>3.48</td>
<td>1.09</td>
<td>-17.58</td>
<td>-15.37</td>
<td>-10.53</td>
</tr>
<tr>
<td>MEAN</td>
<td>1.48</td>
<td>0.26</td>
<td>-8.64</td>
<td>-9.42</td>
<td>-6.56</td>
</tr>
<tr>
<td>SD</td>
<td>1.94</td>
<td>1.77</td>
<td>7.86</td>
<td>7.57</td>
<td>2.42</td>
</tr>
</tbody>
</table>

Table No.7.1 above states that selected private sector banks have a range of at least -23.25 for Axis Bank during 2018 and a maximum of 3.84 for HDFC Bank during 2019. Minimum average ratio of -9.42 for Axis Bank and maximum ratio of 1.48 for HDFC Bank. The minimum ratio of ICICI Bank indicates that there is less cost control capacity than other banks. The maximum ratio of HDFC Bank indicates that there is better cost control capacity than other banks. Chart 7 shows that HDFC Bank has the highest operating profit margin in all banks, while Axis Bank has the lowest operating profit margin. ICICI Bank has the highest standard deviation and Kotak Mahindra Bank has the lowest standard deviation.

<table>
<thead>
<tr>
<th>7. Operating Profit Margin</th>
</tr>
</thead>
</table>

Table 7.2 - ANOVA for Operating Profit Margin

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>935.33</td>
<td>4.00</td>
<td>233.83</td>
<td>8.88</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1053.86</td>
<td>40.00</td>
<td>26.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1989.19</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H07: All private banks under study have on a same average of operating profit margin
A study on financial performance of selected private sector banks in India by using of camel approach

From the ANOVA table 7.2, it is inferred that since the calculated F value (8.88) more than F critical value (2.61) at the level of significance 0.05, accept the alternate hypothesis. i.e., All private banks under study have a difference average of operating profit margin.

4.2 NET PROFIT MARGIN

NPM shows how much of the profit remaining after all operating expenses, interest, tax is deducted from the total income of the bank.

\[
\text{NET PROFIT MARGIN} = \frac{\text{TOTAL REVENUE} - \text{TOTAL EXPENSES}}{\text{TOTAL REVENUE}} = \frac{\text{NET PROFIT}}{\text{TOTAL REVENUE}}
\]

Table 8.1 - Net Profit Margin (%)

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>19.7</td>
<td>19.52</td>
<td>19.83</td>
<td>22.35</td>
<td>16.08</td>
</tr>
<tr>
<td>2012</td>
<td>18.93</td>
<td>17.55</td>
<td>19.27</td>
<td>19.28</td>
<td>14.97</td>
</tr>
<tr>
<td>2013</td>
<td>19.18</td>
<td>16.91</td>
<td>20.77</td>
<td>19.05</td>
<td>15.19</td>
</tr>
<tr>
<td>2014</td>
<td>20.61</td>
<td>17.13</td>
<td>22.2</td>
<td>20.29</td>
<td>17.05</td>
</tr>
<tr>
<td>2015</td>
<td>21.07</td>
<td>19.19</td>
<td>22.76</td>
<td>20.73</td>
<td>18.5</td>
</tr>
<tr>
<td>2016</td>
<td>20.41</td>
<td>12.75</td>
<td>18.44</td>
<td>20.06</td>
<td>19.74</td>
</tr>
<tr>
<td>2017</td>
<td>20.99</td>
<td>19.27</td>
<td>18.09</td>
<td>8.26</td>
<td>19.9</td>
</tr>
<tr>
<td>2018</td>
<td>21.79</td>
<td>20.68</td>
<td>12.33</td>
<td>0.6</td>
<td>20.86</td>
</tr>
<tr>
<td>2019</td>
<td>21.29</td>
<td>20.32</td>
<td>5.3</td>
<td>8.5</td>
<td>14.82</td>
</tr>
<tr>
<td>MEAN</td>
<td>20.44</td>
<td>18.15</td>
<td>17.67</td>
<td>15.46</td>
<td>17.46</td>
</tr>
<tr>
<td>SD</td>
<td>0.98</td>
<td>2.43</td>
<td>5.54</td>
<td>7.65</td>
<td>2.35</td>
</tr>
</tbody>
</table>

Table No. 8.1 above states that selected private sector banks have a ratio of at least 0.60 for Axis Bank during 2018 and a maximum ratio of 22.76 for ICICI Bank during 2015. Minimum average ratio of 15.46 for Axis Bank and maximum ratio of 20.44 for HDFC Bank. The minimum ratio of Axis Bank indicates that axis banks have less profitability than other banks. The maximum ratio of HDFC Bank indicates that the bank has a good profitability compared to other banks. Chart 8 shows that HDFC Bank has the highest net profit in all banks, while Axis Bank has the lowest net profit. Axis Bank has the highest level of standard deviation and HDFC Bank has a level below.
A study on financial performance of selected private sector banks in India by using of camel approach

![Graph showing net profit margin (%) for different banks]

### TABLE 8.2 - ANOVA for Net Profit Margin

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>114.41</td>
<td>4.00</td>
<td>28.60</td>
<td>1.41</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>813.18</td>
<td>40.00</td>
<td>20.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>927.59</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0s: All private banks under study have on a same average of net profit margin.

From the ANOVA table 8.2, it is shown that the calculated F value (1.41) less than F critical value (2.61) at the level of significanace 0.05, accept the Null hypothesis. i.e., All private banks under study have on a same average of net profit margin.

### 5. LIQUIDITY

The excellent liquidity position of banks has a favorable effect on the financial performance of banks. Cash and investment in assets are the most liquid in bank assets. In this series of ratios, the bank's ability to fulfill the responsibility is assessed.

### Table 9.1 - Cash Deposit Ratio

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.79</td>
<td>7.89</td>
<td>11.32</td>
<td>7.07</td>
<td>7.46</td>
</tr>
<tr>
<td>2012</td>
<td>8.81</td>
<td>6.08</td>
<td>8.6</td>
<td>6.01</td>
<td>6.99</td>
</tr>
<tr>
<td>2013</td>
<td>5.46</td>
<td>4.72</td>
<td>7.21</td>
<td>5.39</td>
<td>6.38</td>
</tr>
<tr>
<td>2014</td>
<td>6.02</td>
<td>4.68</td>
<td>6.54</td>
<td>5.97</td>
<td>6.69</td>
</tr>
<tr>
<td>2015</td>
<td>6.46</td>
<td>5.13</td>
<td>6.85</td>
<td>6.11</td>
<td>6.28</td>
</tr>
<tr>
<td>2016</td>
<td>5.77</td>
<td>5.07</td>
<td>6.74</td>
<td>6.2</td>
<td>5.12</td>
</tr>
<tr>
<td>2017</td>
<td>5.71</td>
<td>4.86</td>
<td>6.45</td>
<td>6.89</td>
<td>5.59</td>
</tr>
<tr>
<td>2018</td>
<td>9.95</td>
<td>4.69</td>
<td>6.17</td>
<td>7.64</td>
<td>6.73</td>
</tr>
</tbody>
</table>

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A study on financial performance of selected private sector banks in India by using of camel approach

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>8.85</td>
<td>4.73</td>
<td>5.85</td>
<td>7.04</td>
<td>6.04</td>
</tr>
<tr>
<td>MEAN</td>
<td>7.54</td>
<td>5.32</td>
<td>7.30</td>
<td>6.48</td>
<td>6.36</td>
</tr>
<tr>
<td>SD</td>
<td>2.06</td>
<td>1.06</td>
<td>1.70</td>
<td>0.71</td>
<td>0.72</td>
</tr>
</tbody>
</table>

5.1 CASH DEPOSIT RATIO (CDR)

It mentions how much bank funds are used for lending. Banks are divided by total deposits with total cash and RBI.

CASH DEPOSIT RATIO = LIQUID ASSET / TOTAL DEPOSIT

Table No. 9.1 shows that selected private sector banks have a minimum ratio of 4.68 for Kotak Mahindra Bank during 2014 and a maximum of 11.32 for ICICI Bank during 2011. Minimum average ratio for Kotak Mahindra Bank is 5.32 and maximum average ratio of 7.54 for HDFC Bank. The minimum ratio of Kotak Mahindra Bank indicates that Kotak Mahindra Bank has less funds for lending out of total deposits. The maximum ratio of HDFC Bank indicates that there are more funds used for lending from total deposits than other banks. Chart 9 shows that HDFC Bank has the highest cash deposit ratio in all banks, while Axis Bank has the lowest cash deposit ratio. HDFC Bank has the highest level of standard deviation and Kotak Mahindra Bank has the lowest level of standard deviation.

Table 9.2 - ANOVA for Cash Deposit Ratio

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>27.78</td>
<td>4.00</td>
<td>6.95</td>
<td>3.74</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>74.20</td>
<td>40.00</td>
<td>1.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>101.98</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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A study on financial performance of selected private sector banks in India by using of camel approach

H0: All private banks under study have on a same average of cash deposit ratio
Table 9.2 indicate that the calculated value (3.74) is greater than critical value (2.61), the Null hypothesis (H0) is rejected, hence it can be concluded that all private banks under study have on a difference average of cash deposit ratio.

5.2 LIQUIDITY RATIO (LR)
It refers to highly liquid assets held by financial institution in order to meet short-term obligations. It shown the capacity of bank to respect the demand from depositor during a particular year.
LIQUIDITY RATIO= LIQUID ASSETS/TOTAL ASSETS

Table 10.1 - liquid assets to total assets

<table>
<thead>
<tr>
<th>BANK</th>
<th>HDFC</th>
<th>KOTAK MAHINDRA</th>
<th>ICICI</th>
<th>AXIS</th>
<th>INDUSLND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15.96</td>
<td>7.82</td>
<td>12.42</td>
<td>10.73</td>
<td>11.66</td>
</tr>
<tr>
<td>2012</td>
<td>12.62</td>
<td>6.96</td>
<td>11.77</td>
<td>7.15</td>
<td>12.68</td>
</tr>
<tr>
<td>2013</td>
<td>11.56</td>
<td>7.03</td>
<td>13.13</td>
<td>8.08</td>
<td>11.70</td>
</tr>
<tr>
<td>2014</td>
<td>13.16</td>
<td>9.10</td>
<td>12.48</td>
<td>9.71</td>
<td>10.74</td>
</tr>
<tr>
<td>2016</td>
<td>10.87</td>
<td>10.81</td>
<td>16.30</td>
<td>11.64</td>
<td>13.69</td>
</tr>
<tr>
<td>2017</td>
<td>10.56</td>
<td>14.86</td>
<td>17.91</td>
<td>15.94</td>
<td>15.41</td>
</tr>
<tr>
<td>2018</td>
<td>15.02</td>
<td>10.99</td>
<td>17.73</td>
<td>13.57</td>
<td>11.40</td>
</tr>
<tr>
<td>2019</td>
<td>10.49</td>
<td>10.78</td>
<td>16.81</td>
<td>15.88</td>
<td>10.96</td>
</tr>
<tr>
<td>MEAN</td>
<td>12.18</td>
<td>9.57</td>
<td>14.33</td>
<td>11.41</td>
<td>12.37</td>
</tr>
<tr>
<td>SD</td>
<td>2.21</td>
<td>2.57</td>
<td>2.85</td>
<td>3.16</td>
<td>1.51</td>
</tr>
</tbody>
</table>

Table No.10.1 denotes that chosen private sector banks have a minimum ratio of 6.96 for Kotak Mahindra Bank during 2012 and a maximum of 17.91 for ICICI Bank during 2017. Minimum average ratio 9.57 for Kotak Mahindra Bank and maximum mean ratio of 14.33 for ICICI Bank. The minimum ratio of Kotak Mahindra Bank indicates that Kotak Mahindra Bank shows low capacity to respect demand for money from a depositor during the specified year. The maximum ratio indicates that HDFC Bank has greater capacity to respect the demand for money from a depositor during a particular year than other banks. Chart No. 10 shows that ICICI Bank has the highest liquidity ratio in all banks, while Kotak Mahindra Bank has the lowest liquidity ratio. Axis Bank has the highest level of standard deviation and INDUSLND Bank has the lowest level of standard deviation.
A study on financial performance of selected private sector banks in India by using of camel approach

Table 10.2 - anova for liquid assets to total assets

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>106.82</td>
<td>4.00</td>
<td>26.71</td>
<td>4.19</td>
<td>2.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>254.74</td>
<td>40.00</td>
<td>6.37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>361.56</td>
<td>44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H0: All private banks under study have on a same average of liquidity ratio
In table 10.2, the calculated values (4.19) is greater than critical value (2.61) so null hypothesis is rejected. And hence it can be concluded that there is significant difference on the average of LR among the bank groups.

Finding and suggestion

1. In positions of CAPITAL the ICICI Bank have better position and cover realistic point of losses and INDUSLND Bank low CSR ratio indicate that INDUSLND Bank is not adequately capitalized comparative to other private sector banks. So INDUSLAND Bank need to improve bank capital.

2. In standings of ASSETS HDFC Bank show so the better condition than other private bank. ICICI Bank have high ratio of NNPA it indicates that ICICI BANK need to reduce loan and borrowing activity and take step for cover interest borrowing. AXIS Bank need to step for effective and efficient use of bank assets.

3. In provisions of MANAGEMENT EFFICIENCY HDFC bank have better condition on CDR and RONW, ICICI Bank need to step for improve CDR and RONW by reduce lending of deposit and effective use of shareholders fund. AXIS bank has high return on BPE and KOTAK MAHINDRA Bank need to step for effective use of business employees.
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4. In basics of EARNING AXIS Bank have lowest performance and take step for reduce operating expenses with improve banking efficiency. HDFC Bank have good ability to cost control and profitability compare to other private banks.

5. In positions of LIQUIDITY KOTAK MAHINDRA Bank need to step for improve liquidity of bank and HDFC and ICICI Bank have high liquidity among all private banks.

Above all examination it concludes the HDFC Bank have higher financial performance among all private sector banks.

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Conflict of Interest
The author declared no conflict of interest.


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